

ACE PROPERTY AND CASUALTY INSURANCE)	AGBCA Nos. 2004-126-F
COMPANY f/k/a CIGNA PROPERTY AND)	2004-127-F
CASUALTY INSURANCE COMPANY,)	
and RAIN AND HAIL L.L.C.,)	
(Compliance Cases WRCO-1787, WRCO-1788))	
)	
Appellants)	
)	
Representing the Appellants:)	
)	
Bruce B. Green, Esquire)	
Willson & Pechacek)	
P.O. Box 2029)	
Council Bluffs, Iowa 51502)	
)	
Representing the Government:)	
)	
Maria Giatrakis, Esquire)	
Office of the General Counsel)	
U. S. Department of Agriculture)	
33 New Montgomery Street, 17th Floor)	
San Francisco, California 94105-4511)	

ORDER OF THE BOARD OF CONTRACT APPEALS

February 2, 2006

Opinion for the Board by Administrative Judge VERGILIO.

On January 9, 2004, the Board received notices of appeal from Ace Property and Casualty Insurance Company f/k/a CIGNA Property and Casualty Insurance Company, of Philadelphia, Pennsylvania, and Rain and Hail L.L.C. of Johnston, Iowa (insurance company), involving final determinations by the Deputy Administrator for Compliance at the U. S. Department of Agriculture, Risk Management Agency (RMA). Each action arises under a Standard Reinsurance Agreement (SRA) between the CIGNA and the Federal Crop Insurance Corporation (FCIC), under which the insurance company provided multiple peril crop insurance coverage to producers; the Government provides reinsurance to the insurance company pursuant to the SRA.

In compliance case WRCO-1787 (AGBCA No. 2004-126-F), the RMA determined that for crop year 1999, the insurance company made an indemnity overpayment of \$158,233 to a producer, Kevin Herman, for figs. In compliance case WRCO-1788 (AGBCA No. 2004-127-F), the RMA determined that for crop year 2000, the insurance company made an indemnity overpayment of \$197,565 to Kevin Herman for figs. In each case, the RMA determined that the insurance company utilized improper loss adjustment procedures, failed to verify and determine the correct cause of loss, failed to adequately perform quality control responsibilities, and failed to discover hidden production.

Regulation authorizes the Board to resolve these timely-filed matters. 7 CFR 24.4(b), 400.169(b), (d). For each case, the parties submitted the appeal file and supplement, the complaint, and answer, and were engaged in discovery. On February 1, 2006, the Board received a stipulation for settlement and a request for dismissal with prejudice. Rain and Hail will pay the FCIC \$24,089 in full and final settlement of these appeals. FCIC will otherwise reinsure the underlying policies and indemnities paid by the insurance company for the 1999 and 2000 crop losses. The settlement contains a mutual release and statement that each party will bear its own costs and attorney fees.

DECISION

These matters are dismissed with prejudice.

JOSEPH A. VERGILIO

Administrative Judge

Issued at Washington, D.C.

February 2, 2006